



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
502 U S CUSTOMHOUSE 2D AND CHESTNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

JUN 25 1971

Commanding General
Headquarters, U.S. Army Training
Center Infantry and Fort Dix)
Fort Dix, New Jersey 08640

Dear Sir:

We have reviewed the adequacy and effectiveness of the civilian pay system, including internal controls at the U.S. Army Training Center Infantry and Fort Dix. As part of our review we examined selected civilian payroll transactions and related personnel actions processed for both classification act and wage board employees during the period February 22, 1970 to February 20, 1971. The selection and examination were made by using statistical sampling techniques. We reviewed the mechanized payroll system and performed certain audit steps to test the computer controls and validate data on the master record file. We also reviewed the most recent civilian payroll audits performed by the Internal Review Division.

We noted a few minor clerical errors which we brought to the attention of Fort Dix officials during our review and at the exit conference. Although these errors were not significant, we believe there are certain weaknesses in the system which should be corrected. The internal control over the payments to civilian consultants should be strengthened. Also the mechanized payroll system should be re-designed to take advantage of the processing and control capabilities available from the automatic data processing equipment. These areas are described in detail below.

Civilian consultants--The hospital uses civilian consultants who are authorized as excepted appointments to be employed on an intermittent basis at \$75 a day during a specified period of time. Command approval is necessary to renew the consultant's period of service beyond the expiration date. We found that the Civilian Pay Branch continued to pay the consultants for services after their expiration date because there was no procedure to remove the consultants from the master payroll file at their termination date.

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We found an instance where the time and attendance report showed that a consultant worked one day in July 1970 but was not paid. This situation occurred because the hospital delayed in reporting that the consultant worked and subsequently the payroll clerk overlooked a necessary adjustment to effect payment.

We recommend that procedures and controls be instituted to remove consultants from the master payroll file at the expiration of their authorized service period. Also payment should be made to the consultant for services rendered in July 1970.

Mechanized payroll system--The payroll system was initially designed for card processing equipment and was later translated to operate in a recently installed IBM 360 model 30 computer. We reviewed available system documentation and found that from the standpoint of internal control and efficiency, the system does not make full use of the control and processing capabilities that are available with the computer.

In order to test the computer controls, we made arrangements with Fort Dix officials to add an employee with an overstated base hourly rate to the master employee record file. We did this to demonstrate that if a payroll clerk transposed an hourly rate in processing a payroll action and the erroneous rate was entered into the manual control registers, the employee would be overpaid and the manual control registers could be reconciled. Computer controls have not been designed into the system to detect errors of this nature.

From the standpoint of efficiency, for example, the master employee record file under the card system consisted of from four to seven cards for each employee depending on various payroll options. Each card contained identification data such as employee control number. This card file was converted to tape without redesigning the record format and, consequently, the master file now consists of from four to seven magnetic tape records for each employee. This requires processing of duplicate identification data, which could have been avoided if one magnetic tape record had been designed for each employee.

We discussed these matters with officials at Fort Dix and at the system design center located at Headquarters, First U.S. Army. While these officials generally recognized that

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the computer was not being used to its maximum potential, we were informed that Headquarters, First U.S. Army no longer has the resources or the authority to redesign the system. In our opinion, the lack of computer controls within the system is of sufficient importance to warrant the attention of appropriate officials within the Department of the Army for necessary consideration and corrective action.

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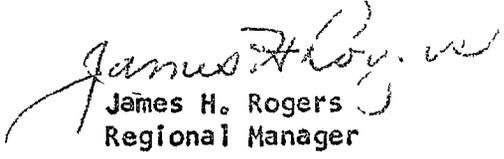
We would appreciate your comments in regard to the procedures instituted for the control of the payments to consultants.

We wish to acknowledge the cooperation extended to our staff during the review.

In accordance with the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, Title 8, Chapter 3, the payroll records covering the period from October 11, 1964 to February 21, 1971, may be transferred to the Federal Records Center.

Copies of this letter are being sent to the Comptroller of the Army; the Commanding General, First U.S. Army, Fort George G. Meade, Maryland; and the District Manager, Northeastern District, U.S. Army Audit Agency, Philadelphia, Pennsylvania.

Sincerely yours,


James H. Rogers
Regional Manager

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